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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
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10/693,277

10/24/2003

Michael Kumar

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EXAMINER

POLLOCK, GREGORY A

ART UNIT

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PAPER

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Office Action Summary	Application No. 10/693,277	Applicant(s) KUMAR ET AL.	
	Examiner GREG POLLOCK	Art Unit 3693	

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --

Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 24 June 2008.
- 2a) ☐ This action is **FINAL**. 2b) ☒ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 2,3,7,9,10,15-17,21 and 23-31 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 2, 3, 7, 9, 10, 15-17, 21, 23-31 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
- ☐ Certified copies of the priority documents have been received.
 - ☐ Certified copies of the priority documents have been received in Application No. _____.
 - ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- | | |
|--|---|
| 1) <input type="checkbox"/> Notice of References Cited (PTO-892) | 4) <input type="checkbox"/> Interview Summary (PTO-413) |
| 2) <input type="checkbox"/> Notice of Draftsperson's Patent Drawing Review (PTO-948) | Paper No(s)/Mail Date. _____ |
| 3) <input type="checkbox"/> Information Disclosure Statement(s) (PTO/SB/08) | 5) <input type="checkbox"/> Notice of Informal Patent Application |
| Paper No(s)/Mail Date _____ | 6) <input type="checkbox"/> Other: _____ |

DETAILED ACTION

1. This action is responsive to claims filed 06/24/2008 and Applicant's request for reconsideration of application 10/693277 filed 06/24/2008.

The amendment contains original claims 16 and 17

The amendment contains amended claims 2, 3, 7, 9, 10, and 15.

The amendment contains new claims 25-31.

Claims 1, 4-6, 8, 11-14, 18-20, and 22 have been canceled.

Claim Rejections - 35 USC § 101

2. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

3. Claims 2, 3, 7, 9, 10, 15-17, 21, 23-31 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

- a. Claims 2, 3, 7, 9, 10, 15-17, 21, 23-31 are rejected under 35 U.S.C. 101

because the claimed invention is directed to non- statutory subject matter.

Based on Supreme Court precedent and recent Federal Circuit decisions, the Office's guidance to examiners is that a statutory § 101 process must (1) be tied to another statutory class (such as a particular apparatus) or (2) transform underlying subject matter (such as an article or materials) to a different state or thing. The claim does not recite the use of another statutory class or physical transformation. The claims recites steps involving establishing a forward contract, without implementation on a machine such as

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- computer, or a transformation of underlying subject matter. To resolve this deficiency, it must be made clear that an underlying apparatus is used to perform each recited method steps. Merely stating the underlying apparatus in the preamble is not sufficient.
4. Claims 2, 3, 7, 9, 10, 15-17, 21, 23-31 are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter (an abstract idea which is not used in a useful, concrete and tangible result).
- 2, 3, 7, 9, 10, 15-17, 21, 23-31 are all directed towards establishing a forward contract or purchase agreement. This is an abstract idea which is not used in a useful, concrete and tangible result.

Claim Rejections - 35 USC § 103

5. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:
- (a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.
6. Claims 2, 3, 9, 15-17, 23, 25, and 29-31 are rejected under 35 U.S.C. 103(a) as being unpatentable over Dines et al. (U.S. Application No. 09/862992) in view of applicant's background of invention (Kumar et al., U.S. Application No. 10/693277, "BACKGROUND OF INVENTION" section and Figure 1, labeled prior

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art.) in further view of Perry et al. (U.S. Application No. 10/764126) in further view of official notice.

As per claim 25, Dines et al. teaches **a method comprising: entering into, by a purchaser** (a buyer [¶19, lines 1-6] which may be a derivatives hedging products (DHP) supplier [¶4]), **a purchase agreement with a first business entity** (contracts for delivery of quantities of a commodity between a buyer and producers [¶10], also see [¶35, lines 10-13], [¶39, lines 1-4], [claim 6, line 2-3], and [claim 17, lines 2-3]), **wherein the purchase agreement obligates the purchaser to purchase volumes of a commodity from the first business entity** (quantity requirements [¶3]), **wherein a party, separate from the first business entity, is obligated to deliver volumes of the commodity to the first business entity** ([¶19]) **pursuant to a forward contract** ([¶38]) **and the purchaser entering into a swap agreement with a party**, ([¶38] and [¶39], where the purchaser now becomes a seller, or re-seller, and the “party” now is the buyer.) **wherein the swap agreement obligates the purchaser to pay the party an amount equal to the price at which the purchaser sells the volumes of the commodity in the open market and obligates the party to pay the purchaser a fixed price.** ([¶39]) **wherein a second business entity is obligated to supply volumes of the commodity to the first business entity pursuant to a contingent supply agreement if the party fails to deliver the necessary volumes of the commodity required by the forward contract** ([¶19]),

The applicant’s background of invention teaches **whereby the first business entity offers debt securities to investors**, ([¶3, lines 7-8] and Figure 1 (Prior Art), “OFFERING”)

It would be obvious for someone skilled in the art at the time of the invention to combine the prior teaching as disclosed by the applicant with the swap agreement of commodities, as disclosed by Dines et al. One skilled in the art would be so inclined to combine the two since Dines et al. would allow the special purpose vehicle of the applicant’s disclosed system the ability to reduce its vulnerability to price risks that can cut into profits, and would allow the purchaser the ability to attract more producers and resellers, and benefits from greater certainty with respect to supply quantity.

Perry et al. teaches the method **wherein the purchase agreement between the purchaser and the first business entity permits the purchaser to terminate the purchase agreement when there is a default on the swap agreement** (“A commodity swap may be terminated by the System, either upon the occurrence of a Termination Event [¶30, lines 11-14], were a termination event could include

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any agreed upon event made by the participants [¶30, lines 14-20]).

It would be obvious to one skilled in the art at the time of the invention to combine the Perry et al. with that of prior teaching as disclosed by the applicant and Dines et al. to achieve the claimed invention. One skilled in the art would be so inclined to combine the two since Perry et al. would provides a system for transferring the risk of performance and payments under a physical contract during delivery and to assure that payments are made on an ongoing basis and security is maintained so that exposure of the parties to default by the other party is reduced commensurate with performance.

Perry et al. does not specifically indicate that the termination of the contract is due to “the party” (a sub-contractor or contingent supplier) not meeting supply obligations.

The use of contingent suppliers is old and well known.

It would have been obvious to one skilled in the art at the time of the invention that a contingent supplier could be combined with Dines et al., the applicant's background of invention, and Perry et al. used to achieve the claimed invention. From the point of view of the purchaser, it only matters if the supply obligation is meet, regardless of whether the company or a party (contingent supplier) is supplying the commodity. If either the company or the party (contingent supplier) do not meet the supply obligation for which it is responsible, then obviously the purchaser will termination the contract. Therefore, one of ordinary skill would be motivated to combine the teaching to provide the purchaser with greater protection against outsourcing of the commodity by the company to the purchaser.

As per claim 2, the rejection of claim 25 has been addressed.

Dines et al. does not teach the method **wherein the first business entity is a special purpose vehicle owned by the company.**

The applicant's background of invention teaches a method **wherein the first business entity is a special purpose vehicle owned by the party.** (special purpose vehicle, SPV, [¶3, lines 1-7] and Figure 1 (Prior Art), element 12)

It would be obvious for someone skilled in the art at the time of the invention to combine the prior teaching as disclosed by the applicant with the swap agreement of commodities, as disclosed by Dines et al. One skilled in the art would be so inclined to combine the two since a special purpose vehicle would allow the parent entity, the company, benefits including, tax advantages, bankruptcy remoteness, asset insulation and reduced liability.

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As per claim 3, the rejection of claim 25 has been addressed.

Dines et al. teaches the method **wherein the fixed price that the party is obligated to pay the purchaser pursuant to the swap agreement equals the price at which the purchaser is obligated to pay the first business entity pursuant to the purchase agreement.** (the price for a quantity of the commodity can have a premium or discount [¶16, lines 1-3] which may be equal to the observed price [¶16, lines 3-6])

As per claim 9, the rejection of claim 25 has been addressed.

Dines et al. does not teach the method **wherein the purchase agreement between the purchaser and the first business entity permits the purchaser to terminate the purchase agreement when the default of the company under the swap agreement exceeds a threshold amount specified in the contingent supply agreement.**

Perry et al. teaches the method **wherein the purchase agreement between the purchaser and the first business entity permits the purchaser to terminate the purchase agreement when the default of the company under the swap agreement exceeds a threshold amount specified in the contingent supply agreement.** (“A commodity swap may be terminated by the System, either upon the occurrence of a Termination Event [¶30, lines 11-14], were a termination event could include any agreed upon event made by the participants [¶30, lines 14-20])

It would be obvious to one skilled in the art at the time of the invention to combine the Perry et al. with that of prior teaching as disclosed by the applicant and Dines et al. to achieve the claimed invention. One skilled in the art would be so inclined to combine the two since Perry et al. would provides a system for transferring the risk of performance and payments under a physical contract during delivery and to assure that payments are made on an ongoing basis and security is maintained so that exposure of the parties to default by the other party is reduced commensurate with performance.

Perry et al. does not specifically indicate that the termination of the contract is due to “the party” (a sub-contractor or contingent supplier) not meeting supply obligations.

The use of contingent suppliers is old and well known.

It would have been obvious to one skilled in the art at the time of the invention that a contingent supplier could be combined with Dines et al., the applicant's background of invention, and Perry et al. used to achieve the claimed invention. From the point of view of the purchaser, it only matters if the supply obligation is meet, regardless of whether the company or a party (contingent supplier) is

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supplying the commodity. If either the company or the party (contingent supplier) do not meet the supply obligation for which it is responsible, then obviously the purchaser will terminate the contract. Therefore, one of ordinary skill would be motivated to combine the teaching to provide the purchaser with greater protection against outsourcing of the commodity by the company to the purchaser.

As per claim 15, All of the limits of Claim 15 have been previously addressed in Claim 25 and is therefore rejected using the same prior art and rationale.

As per claim 16, the rejection of claim 15 has been addressed.
All of the limits of Claim 16 have been previously addressed in Claim 2 and is therefore rejected using the same prior art and rationale.

As per claim 17, the rejection of claim 15 has been addressed.
All of the limits of Claim 17 have been previously addressed in Claim 3 and is therefore rejected using the same prior art and rationale.

As per claim 23, the rejection of claim 22 has been addressed.
All of the limits of Claim 21 have been previously addressed in Claim 9 and is therefore rejected using the same prior art and rationale.

As per claim 29, All of the limits of Claim 29 have been previously addressed in Claim 25, and is therefore rejected using the same prior art and rationale.

As per claim 30, the rejection of claim 29 has been addressed.
All of the limits of Claim 16 have been previously addressed in Claim 3 and is therefore rejected using the same prior art and rationale.

As per claim 31, the rejection of claim 29 has been addressed.
All of the limits of Claim 31 have been previously addressed in Claim 15 and is therefore rejected using the same prior art and rationale.

7. Claims 26-28 are rejected under 35 U.S.C. 103(a) as being unpatentable over Dines et al. (U.S. Application No. 09/862992) in view of applicant's background of invention (Kumar et al., U.S. Application No. 10/693277, "BACKGROUND OF INVENTION" section and Figure 1, labeled prior art.) in further view of Perry et al.

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(U.S. Application No. 10/764126) in further view of official notice if further view of
Trenk et al. (U.S. Patent No. 20020095361).

As per claim 26, the rejection of claim 25 has been addressed.

Dines et al., the applicant's background of invention, and Perry et al. do not teach the method **wherein payments made by the purchaser to the first business entity pursuant to the purchase agreement are deposited in a collections account.**

Trenk et al. teaches a method **wherein payments made by the purchaser to the first business entity pursuant to the purchase agreement are deposited in a collections account** ([Abstract], [Figures 3 and 4], and [¶20-40]).

It would be obvious for someone skilled in the art at the time of the invention to combine Trenk et al. with Dines et al., the applicant's background of invention, and Perry et al. to achieve the claimed invention. One skilled in the art would be so inclined to combine the inventions because Trenk et al. provides a means by which to securitize cash flow wherein the cash flow is derived from a future obligation to purchase goods or services. This allows its inventors to hedges the risk of under achieving providers.

As per claim 27, the rejection of claim 25 has been addressed.

Dines et al., the applicant's background of invention, and Perry et al. do not teach the method **wherein payments made by the first business entity to the investors for principal and interest amounts on the debt securities are funded by the collections account.**

Trenk et al. teaches a method **wherein payments made by the first business entity to the investors for principal and interest amounts on the debt securities are funded by the collections account.** ([Abstract], [Figures 3 and 4], and [¶20-40]).

It would be obvious for someone skilled in the art at the time of the invention to combine Trenk et al. with Dines et al., the applicant's background of invention, and Perry et al. to achieve the claimed invention. One skilled in the art would be so inclined to combine the inventions because Trenk et al. provides a means by which to securitize cash flow wherein the cash flow is derived from a future obligation to purchase goods or services. This allows its inventors to hedges the risk of under achieving providers.

As per claim 28, the rejection of claim 25 has been addressed.

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Dines et al., the applicant's background of invention, and Perry et al. do not teach the method **wherein the collections account is maintained by a trust**.

Trenk et al. teaches a method **wherein the collections account is maintained by a trust** [Abstract], [Figures 3 and 4], and [¶20-40]).

It would be obvious for someone skilled in the art at the time of the invention to combine Trenk et al. with Dines et al., the applicant's background of invention, and Perry et al. to achieve the claimed invention. One skilled in the art would be so inclined to combine the inventions because Trenk et al. provides a means by which to securitize cash flow wherein the cash flow is derived from a future obligation to purchase goods or services. This allows its inventors to hedges the risk of under achieving providers.

8. Claims 7 and 21 are rejected under 35 U.S.C. 103(a) as being unpatentable over Dines et al. (U.S. Application No. 09/862992) in view of applicant's background of invention (Kumar et al., U.S. Application No. 10/693277, "BACKGROUND OF INVENTION" section and Figure 1, labeled prior art.) in further view of Perry et al. (U.S. Application No. 10/764126) in further view of official notice in further view of Miri et al. (U.S. Application No. 10/942196).

As per claim 7, the rejection of claim 25 has been addressed.

Dines et al. does not teach the method **wherein the second business entity is a parent of the party** ([¶19]).

Miri et al. teaches the method **wherein the second business entity is a parent of the company**. (Figure 3, shows a parent company with subsidiaries, who deliver a commodity, gas or power, according to master agreements. The master agreements link all underlying commodity-trading to a single contract which may be terminated in the case of default [¶28], which one skilled in the art would infer to mean insufficient supply volumes.)

It would be obvious for someone skilled in the art at the time of the invention to combine the master agreement of Miri et al. with the teaching of Dines et al, to achieve a contingent supply agreement if the company fails to deliver the necessary volumes of the commodity required by the forward contract. One

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skilled in the art would be so inclined to combine the two to reduce possible default of the special purpose vehicle (first business entity), and thus increase the probably of success of the contractual agreement between the first business entity and the purchaser.

As per claim 21, the rejection of claim 20 has been addressed.

All of the limits of Claim 21 have been previously addressed in Claim 7 and is therefore rejected using the same prior art and rationale.

9. Claims 10 and 24 are rejected under 35 U.S.C. 103(a) as being unpatentable over Dines et al. (U.S. Application No. 09/862992) in view of applicant's background of invention (Kumar et al., U.S. Application No. 10/693277, "BACKGROUND OF INVENTION" section and Figure 1, labeled prior art.) in further view of Perry et al. (U.S. Application No. 10/764126) in further view of official notice in further view of Ford (U.S. Patent No. 6862580).

As per claim 10, the rejection of claim 25 has been addressed.

Dines et al. does not teach the method **wherein the second business entity is unrelated to the company**.

Ford teaches the method **wherein the second business entity is unrelated to the company**. (Figures 3a and 3b, element 24 (Alternative Source) and [column 5, lines 30-40])

It would be obvious for someone skilled in the art at the time of the invention to combine the master agreement of Miri et al. with the teaching of Dines et al, to achieve a contingent supply agreement if the company fails to deliver the necessary volumes of the commodity required by the forward contract with an alternative source not related to the company.. One skilled in the art would be so inclined to combine the two to reduce possible default of the special purpose vehicle (first business entity), and thus increase the probably of success of the contractual agreement between the first business entity and the purchaser, and at the same time increase profitability of the special purpose vehicle, and thus the company, by using a less expensive supplier of the commodity.

As per claim 24, the rejection of claim 20 has been addressed.

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All of the limits of Claim 21 have been previously addressed in Claim 10 and is therefore rejected using the same prior art and rationale.

Response to Arguments

10. Applicant's arguments with respect to claims 2, 3, 7, 9, 10, 15-17, 21, 23-31 have been fully considered, and some arguments have been found persuasive, as indicated below.
11. On pages 10-12 of the Applicant's Response, applicants argue that Dines et al. (U.S. Application No. 09/862992) in view of applicant's background of invention in further view of Miri et al. (U.S. Application No. 10/942196) does not disclose "wherein the arrangement further obligates a second business entity to supply volumes of the commodity to the first business entity pursuant to a contingent supply agreement if the company fails to deliver the necessary volumes of the commodity required by the forward contract.".
12. The Examiner agrees with Applicant's arguments and offers new grounds of rejection. The rejection above serves as the examiners response to the applicant's arguments.
13. On pages 10-12 of the Applicant's Response, applicants argue that Dines et al. (U.S. Application No. 09/862992) in view of applicant's background of invention in further view of Miri et al. (U.S. Application No. 10/942196) in further view of

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Perry et al. (U.S. Application No. 10/764126) does not disclose "wherein the purchase agreement between the purchaser and the first business entity permits the purchaser to terminate the purchase agreement when the party defaults on the swap agreement."

14. The argument is moot based on new ground(s) of rejection based on applicant's amendment. The rejection above serves as the examiners response to the applicant's arguments.

Conclusion

15. Applicant's amendment did not necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE NON-FINAL**. See MPEP § 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will

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the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Gregory Pollock whose telephone number is 571 270-1465. The examiner can normally be reached on 7:30 AM - 4 PM, Mon-Fri Eastern Time.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Jay Kramer can be reached on 571 272-6783. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

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Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

GAP

/JAGDISH N PATEL/

Primary Examiner, Art Unit 3693

8/1/2008

/Gregory Pollock/

Examiner, Art Unit 3693